

Message Text

LIMITED OFFICIAL USE

PAGE 01 TOKYO 06756 231056Z

11

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 IO-14 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEA-02 OMB-01 SWF-02 DRC-01 /205 W

----- 010801

R 230900Z MAY 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2074

INFO USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE TOKYO 6756

E.O. 11652: N/A

TAGS: ETRD, JA, GATT

SUBJECT: PREPARATIONS FOR THE MULTILATERAL TRADE

NEGOTIATIONS: JAPAN'S NONTARIFF BARRIERS-GOVERNMENT PROCUREMENT

REF: STATE A2857

SUMMARY: EMBASSY CONCURS RE ACCURACY AND COMPLETENESS OF DESCRIPTION OF GOJ PROCUREMENT POLICIES CONTAINED REFAIR. UNABLE PROVIDE MEANINGFUL QUANTIFICATION OF IMPACT THIS NTB ON U.S. EXPORTS, OWING TO COMPLETE LACK OF SPECIFIC CASES OF U.S. FIRMS INTERESTED IN BUT DENIED ACCESS TO GOJ PROCUREMENT. AGREE THAT THIS IS APPROPRIATE TOPIC FOR MTN, AND THAT USG SHOULD ALSO DISPLAY INTEREST BILATERALLY FOR EQUITABLE ACCESS. HESITANT PRESS GOJ ON BILATERAL BASIS TO ALTER PROCUREMENT SYSTEM UNLESS EXAMPLES OF U.S. FIRMS DENIED ACCESS CAN BE CITED. SUGGEST USG ENCOURAGE INCREASE BY GOJ IN PERCENTAGE OF PROCUREMENT HANDLED THROUGH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TOKYO 06756 231056Z

PUBLIC NOTICE AND SELECTIVE TENDER PROCEDURES. END SUMMARY.

1. EMBASSY REVIEWED REPAIR ENCLOSURE "JAPAN'S GOVERNMENT PROCUREMENT PRACTICES" AS REQUESTED. EMBASSY NOTES THAT PAPER IN LINE WITH TOKYO A-809 (PREPARED OCT. 1973) THIS SUBJECT, CONCURS IN ACCURACY, COMPLETENESS OF DESCRIPTION GOJ PRACTICES.

2. ENCLOSURE REPAIR ASKED ABOUT GOJ CONTRACT OFFICERS' AUTHORITY TO AWARD CONTRACT TO NEXT LOWEST BIDDER WHERE, INTER ALIA, LOWEST BID IS "EXTREMELY INAPPROPRIATE". TERM IS NOT DEFINED PRECISELY, BUT REFERS, FOR EXAMPLE, TO SEVERE UNDER-BIDDING FOR PUBLICITY PURPOSES. THUS, GOJ REJECTED A FIRM'S BID OF 20,000 YEN TO RENOVATE IMPERIAL PALACE SEVERAL YEARS AGO.

3. RE IMPACT THIS NTB ON U.S. EXPORTS, UNABLE PROVIDE MEANINGFUL QUANTIFICATION, INASMUCH AS EMBASSY HAS RECEIVED NO SPECIFIC COMPLAINTS FROM U.S. FIRMS DENIED ACCESS THIS MARKET SINCE RECESSION (WITH EXCEPTION OF COMPUTERS) GOJ'S "BUY JAPAN" POLICY RE GOVERNMENT PROCUREMENT. CONTROL DATA CORPORATION COMPLAINED RECENTLY THAT IT WAS EXCLUDED FROM FINAL CONSIDERATION AS SUPPLIER OF COMPUTER FOR JAPAN METEOROLOGICAL AGENCY'S WEATHER SATELLITE PROJECT. HOWEVER, GOJ ACKNOWLEDGES EXISTENCE OF BUY JAPAN POLICY FOR GOVERNMENT PROCUREMENT OF COMPUTERS.

4. IN RECENT SURVEY OF THEN GOJ MINISTRIES EMBASSY FOUND THAT MINISTRIES ARE INVITING FIRMS (INCLUDING FOREIGN FIRMS) TO APPLY FOR REGISTRATION AS SUPPLIERS. REGISTERED FIRMS WOULD PRESUMABLY BE CONSIDERED FOR GOJ PROCUREMENT UNDER PUBLIC NOTICE PROCEDURE AND SELECTIVE TENDER PROCEDURE. HOWEVER, EMBASSY DID NOT OBSERVE ANY MINISTRY PROCURING THROUGH EITHER OF THESE PROCEDURES.

5. EMBASSY WILLING CONTINUE EFFORTS AT MONITORING EXPERIENCE OF U.S. (AND OTHER FOREIGN) FIRMS IN ATTEMPTING OBTAIN GOJ PROCUREMENT CONTRACTS. TASK EXTREMELY DIFFICULT HOWEVER, GIVEN GOJ'S DECENTRALIZED PROCUREMENT AND LACK OF FEEDBACK FROM U.S. FIRMS. EMBASSY WOULD APPRECIATE COMMERCE'S COMMENTS RE SPECIFIC PRODUCTS OF INTEREST LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 TOKYO 06756 231056Z

TO U.S. SUPPLIERS. TYPES OF GOODS PURCHASED BY GOJ INCLUDE SUCH ITEMS AS: BUSINESS MACHINES, FURNITURE, AIR-CONDITIONERS, MACHINE TOOLS, COMMUNICATIONS EQUIPMENT, AUTOMOBILES, AGRICULTURAL MACHINES, CONSTRUCTION MACHINES, AIRPLANES, AND STATIONERY.

6. EMBASSY NOT SANGUINE RE PROSPECT OF SECURING ELIMINATION OR SIGNIFICANT ALLEVIATION THIS NTB. NEVERTHE-

LESS, AGREE THAT THIS TOPIC IS APPROPRIATE FOR UPCOMING MTN, AND THAT USG SHOULD CONTINUE DISPLAY INTEREST BILATERALLY ALONG LINES REFAIR ENCLOSURE. STRENGTH OF USG CASE MAY BE SOMEWHAT WEAKENED, HOWEVER, BY LACK OF SPECIFIC USG EXAMPLES OF U.S. FIRMS DENIED ACCESS TO GOJ MARKET. BELIEVE GREATEST (ALBEIT STILL SMALL) PROBABILITY OF SUCCESS LIES IN ENCOURAGING GOJ TO INCREASE PERCENTAGE OF PROCUREMENT ACCOMPLISHED THROUGH PUBLIC NOTICE OR SELECTIVE TENDER PROCEDURE.

7. IN PRACTICAL TERMS, ROOT OF PROBLEM LIES NOT SO MUCH IN GOJ PROCEDURES AS IN ATTITUDES OF PROCUREMENT OFFICIALS. TO THEM, FOREIGN PROCUREMENT MEANS LANGUAGE BARRIERS, POSSIBLE DELIVERY DELAYS, AND POSSIBLE DIFFICULTIES IN OBTAINING AFTER-SALES SERVICE. MINISTRY OF FOREIGN AFFAIRS CALLED TWO CONFERENCES OF GOJ PROCUREMENT OFFICERS IN LATE 1973 TO EXPLORE POSSIBILITY OF PROMOTING FOREIGN PARTICIPATION IN GOJ PROCUREMENT. FOR REASONS CITED ABOVE, LITTLE INTEREST ELICITED.

8. BECAUSE OF DECENTRALIZED GOJ PROCUREMENT SYSTEM, NO VALID FIGURES AVAILABLE RE GOJ CIVILIAN PROCUREMENT, NOR OF BREAKOUT BY FOREIGN VS. DOMESTIC.

9. EMBASSY SUBMITTING VIA AIRGRAM UPDATE OF INVENTORY OF GOJ'S NTB'S, INCLUDING GOVERNMENT PROCUREMENT. SHOESMITH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, POLICIES, TRADE, MEETING PROCEEDINGS, NEGOTIATIONS, PROPOSALS (BID), CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO06756
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740129-0108
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740522/aaaaasyx.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE A2857
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2002 by kellew0>; APPROVED <04 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PREPARATIONS FOR THE MULTILATERAL TRADE NEGOTIATIONS: JAPAN'S NONTARIFF BARRIERS-GOVERNMENT PROCUREMENT
TAGS: ETRD, JA, GATT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005